

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 94-291-C - ORDER NO. 94-1147✓
NOVEMBER 2, 1994

IN RE: Application of Telecommunications Service)
Center, Inc. for a Certificate of) ORDER
Public Convenience and Necessity to) APPROVING
Provide Intrastate Resold) CERTIFICATE
Telecommunications Services, including)
Related Operator Services and Debit Card)
Services, Within the State of South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Telecommunications Service Center, Inc. (TSC or the Company) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services, including operator services and debit card services, in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1993) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed TSC to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of TSC's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. TSC complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by

the Consumer Advocate for the State of South Carolina (the Consumer Advocate). Subsequently, the Consumer Advocate notified the Commission that it was satisfied that the Company's filing was consistent with prior dockets, and therefore, the Consumer Advocate would not participate in the scheduled hearing.

A hearing was commenced on October 19, 1994, at 10:30 a.m., in the Commission's Hearing Room. The Honorable Rudolph Mitchell, Chairman, presided. TSC was represented by John F. Beach. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Hal Shankland, President of TSC, appeared and offered testimony in support of TSC's Application. Mr. Shankland stated that TSC is a privately held, Florida corporation which is registered to do business in South Carolina as a foreign corporation. According to Mr. Shankland, TSC proposes to offer long distance services and alternate operator services using resold transmission services of carriers certificated to carry traffic in South Carolina. TSC currently uses LDDS as its underlying carrier.

According to Mr. Shankland, TSC also proposes to offer debit card services. TSC's debit card service will utilize a switch located in Tampa, Florida to process the debit card calls; TSC owns and operates the switch in Tampa, Florida that will process the debit card services.

Mr. Shankland testified that TSC will comply with the Commission's Rules and Regulations regarding Operator Service Providers and that TSC will adhere to the established guidelines and policies of the Commission, including those guidelines

established in Commission Order No. 93-462, regarding the completion of intraLATA calls. Further, Mr. Shankland stated that TSC agreed not to complete any local calls. Mr. Shankland also stated that TSC is aware of the Commission's bond requirement for debit card providers and offered that TSC be allowed to post a letter of credit in lieu of a Certificate of Deposit.

Mr. Shankland also discussed TSC's financial situation and offered that TSC is financially qualified to provide resold telecommunications services. Mr. Shankland also described TSC's customer relations and billing procedures. Mr. Shankland also agreed to amend certain language in the proposed tariff to include the provision of written notice before discontinuing service in Section 2.6.1, to modify Section 2.9 regarding the time limit for a customer to dispute contested charges, and to modify the language on page 21, Section 4 regarding the Property Improved Fee. Mr. Shankland also agreed to work with the Commission Staff on the rate schedules so that the schedules comply with Commission guidelines and prior Orders.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. TSC is incorporated under the laws of the State of Florida and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. TSC operates as a non-facilities based reseller of

interexchange services and wishes to provide its services in South Carolina.

3. TSC has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to TSC to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for TSC for its resale services which includes only maximum rate levels for each tariff charge. For intrastate interLATA "0+" collect and calling card calls, TSC may not impose a fixed operator service charge more than the intrastate charges then currently approved for AT&T Communications, and for the usage portion of the call, TSC may not charge more than the intrastate rates charged by AT&T Communications at the time such call is completed. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. TSC shall not adjust its rates below the approved maximum level without notice to the Commission and to the public. TSC shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1993).

4. TSC shall file its revised maximum tariff and an accompanying price list within thirty (30) days of the date of this Order. The revised tariff shall be consistent with the findings of this Order and shall include the revisions to which Mr. Shankland agreed at the hearing. Further, the revised tariff shall include specific maximum rates and specific current rates for specific classes of service. Also, the tariff shall be filed with the Commission in a loose-leaf binder.

5. TSC should be allowed to incorporate in its tariff a surcharge for operator-assisted and calling card calls not to exceed \$1.00 for calls originated at hotels and motels and at

customer-owned pay telephones only if the property owners have not added a surcharge already. That is, the Company may not impose an additional surcharge to calls originating at hotels and motels and customer-owned pay telephones if such a surcharge has already been imposed by the property owners. If such a charge is applied, however, it should be paid in its entirety to the customer by the Company. Further, if the surcharge is applied, the user should be notified of imposition of the surcharge. This notification should be included in the information pieces, such as tent cards or pay telephone stickers, identifying the Company as the operator service provider for pay telephones and guest phones.

6. TSC is required to provide "tent" cards to hotels and motels for placement next to guest telephones and stickers to customer-owned pay telephones identifying it as the provider of operator service for intrastate interLATA distance calls. TSC is required to brand all calls identifying itself as the carrier for the motel or hotel. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C.

7. For the provision of operator services, TSC shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534, issued in Docket No. 93-026-C.

8. TSC is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

9. With regard to the Company's resale of service, an

end-user should be able to access another interexchange carrier or operator service provider if they so desire.

10. TSC shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If TSC changes underlying carriers, it shall notify the Commission in writing.

11. With regard to the origination and termination of toll calls within the same LATA, TSC shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

12. TSC shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

13. With regard to TSC's debit card, the Commission requires TSC to post a bond prior to receiving certification. Due to the nature of the service prepared by TSC where a subscriber must pay for services before the services are rendered, this Commission believes that a bond is necessary for the protection of the subscribers in South Carolina until such time as the Company has had the opportunity to demonstrate its stability. The Company has requested that it be allowed to post a letter of credit to suffice as the bond. However, the Commission has required other resellers offering debit card services to post a Certificate of Deposit, and the Commission sees no reason to differ from that requirement. Therefore, the Commission requires as a granting of a Certificate of Public Convenience and Necessity to operate as a reseller of

telecommunications services that TSC post a bond with the Commission by delivering to the Commission Certificates of Deposit in the amount of Five Thousand (\$5,000.00) Dollars, and drawn in the name of the Public Service Commission of South Carolina. The Certificates of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation. After twelve (12) months from the date of this Order, the Commission will review the Company's financial reports and reassess the requirement of TSC maintaining a bond.

14. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


CHAIRMAN

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).